

Message Text

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LIMITED OFFICIAL USE KINGSTON 2422

E.O. 11652: N/A

TAGS: BEXP, JM

SUBJECT: GE RECEIVES JPS LETTER OF INTENT DATED JUNE 13
FOR HUNTS BAY NO. 7, 70-80 MW STEAM POWER PLANT.

FOR COMMERCE (MEPD)

DEPT PASS EXIMBANK

1. FRED D'ARIENZO, MANAGER, POWER GENERATION SALES,
INTERNATIONAL GE, PUERTO RICO, INC. (TEL: 767-2100) AND
STEPHEN D. HAYWOOD, GE, NEW YORK (TEL: AC212 750-3264)
VISITED EMBASSY ON JUNE 20 BEFORE DELIVERING GE PROPOSAL
TO JAMAICA PUBLIC SERVICES CO., LTD. (JPS). EMBOFF
SAW JPS LETTER OF INTENT WHICH INDICATED THAT JPS INTENDED
TO PURCHASE SUBJECT PLANT WORTH \$30 MILLION ON CONDITION
THAT GE FIND SOURCES WILLING TO PROVIDE 17-YEAR FINANCING
BEGINNING WITH 4-YEAR MORATORIUM ON PRINCIPAL AND
INTEREST PAYMENTS. JPS LETTER OF INTENT VALID UNTIL
JUNE 30 AND WOULD BE EXTENDED ADDITIONAL 45 DAYS IF
FINANCING TERMS DESIRED BY JPS COULD BE SATISFIED BY
GE.

2. IN ITS JUNE 18 PROPOSAL IN RESPONSE TO THE JPS, GE
INDICATED THAT EXIMBANK HAD GRANTED A PRELIMINARY COMMIT-
MENT FOR SUBJECT PROJECT AFTER LATTER'S JUNE 16 BOARD
MEETING. OUTLINE OF THIS COMMITMENT FOLLOWS:

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(A) FINANCING WILL EXTEND FOR 14 YEARS, WHICH SHALL

CONSIST OF A 4-YEAR GRACE PERIOD AND A 10-YEAR REPAYMENT PLAN CONSISTING OF TWENTY SEMI-ANNUAL INSTALLMENTS.

(B) CASH PAYMENT: TEN PER CENT OF U.S. COSTS TO BE PAID BY JPS FROM NON-U.S. SOURCES.

(C) EXIMBANK CREDIT: UP TO 45 PER CENT OF U.S. COSTS TO BE REPAID OVER THE LAST TEN OF TWENTY SEMI-ANNUAL INSTALLMENTS COMMENCING SIX MONTHS AFTER SCHEDULED REPAYMENT OF "OTHER CREDIT". INTEREST WILL BE CHARGED AT RATE OF EIGHT PER CENT PER ANNUM.

(D) OTHER CREDIT: UP TO 45 PER CENT OF U.S. COSTS SHALL COME FROM DIRECT LOANS TO JPS FROM LENDERS SATISFACTORY TO EXIMBANK. THIS CREDIT SHALL BE REPAID IN THE FIRST TEN OF TWENTY SEMI-ANNUAL INSTALLMENTS. FIRST NATIONAL CITY BANK HAS GIVEN GE THEIR COMMITMENT AND GE IS CONFIDENT THAT PEFCO, WITH EXIMBANK'S APPROVAL, WILL PROVIDE CONCOMITANT FINANCING TO JPS FOR THE REMAINING 45 PER CENT OF U.S. COSTS.

(E) EXIMBANK GUARANTEE: UP TO 30 PER CENT OF U.S. COSTS WILL BE GUARANTEED BY EXIMBANK. IT IS UNDERSTOOD THAT PEFCO WILL REQUIRE SUCH GUARANTEE FOR ITS PORTION OF THE LOAN.

(F) EXPIRATION DATE: THE PRELIMINARY COMMITMENT WILL EXPIRE ON SEPTEMBER 30, 1975. COMPLETE DETAILS OF THE PRELIMINARY COMMITMENT WILL BE FURNISHED UPON GE'S RECEIPT OF EXIMBANK'S CONFIRMING LETTER.

3. COMMENT: DIFFERENCE BETWEEN JPS REQUEST FOR 17-YEAR FINANCING PLAN AND GE'S OFFER IS THREE YEARS. GE REP EXPRESSED HOPE THAT THIS DIFFERENCE WOULD NOT OPEN DOOR TO JPS CONSIDERATION OF OTHER FOREIGN PROPOSALS, SINCE GE HIGHLY INTERESTED IN OBTAINING CONTRACT.
GERARD

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Disposition Authority: GolinoFR
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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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